

**Taxpayer Assistance Center Employees  
Continued to Improve the Accuracy of  
Answers to Tax Law Questions During  
May and June 2003**

**September 2003**

**Reference Number: 2003-40-198**

**This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.**



INSPECTOR GENERAL  
for TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

September 9, 2003

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

*Gordon C. Milbourn III*

FROM: Gordon C. Milbourn III  
Assistant Inspector General for Audit (Small Business and  
Corporate Programs)

SUBJECT: Final Audit Report - Taxpayer Assistance Center Employees  
Continued to Improve the Accuracy of Answers to Tax Law  
Questions During May and June 2003 (Audit # 200340018)

This report presents the results of our review to determine if the Internal Revenue Service (IRS) provides accurate and timely responses to taxpayers' tax law questions. In addition, Treasury Inspector General for Tax Administration (TIGTA) auditors who made anonymous visits to the Taxpayer Assistance Centers (TAC) assessed whether IRS employees adhered to operating guidelines on referral procedures<sup>1</sup> and were professional and courteous, and whether TAC addresses and office hours made available to taxpayers were accurate.

This review was conducted as a result of an amendment to the Treasury spending bill<sup>2</sup> for Fiscal Year (FY) 2002 proposed by Senator Byron Dorgan (Democrat - North Dakota), then Chairman of the Subcommittee on Treasury and General Government. The amendment requires us to conduct visits to all TACs and report to the Congress on whether taxpayers are provided correct and prompt answers to their questions. We are conducting anonymous visits to all TACs over a 2-year period. This is the ninth in a series of bi-monthly reports that we are issuing in response to the amendment to the Treasury spending bill.

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<sup>1</sup> Field Assistance guidelines clearly define the scope of employee expertise (tax law topics for which employees receive training) and specific services that are offered to taxpayers within the TACs. Taxpayers that ask questions outside the level of employee training should be referred to the IRS toll-free telephone lines or have their questions submitted via the Internet (called "R-mail") for assistance.

<sup>2</sup> Treasury and General Government Appropriations Act, 2002, Pub. L. No. 107-67, 115 Stat. 514 (2001).

During May and June 2003, TIGTA auditors made 64 anonymous visits to 32 TACs. The auditors asked 128 tax law questions and determined that IRS employees provided incorrect answers to some of them. For example, IRS employees:

- Correctly answered 94 (73 percent) of 128 questions.
- Incorrectly answered 30 (23 percent) of 128 questions.
- Referred the auditor to IRS publications and generally advised the auditor to do his or her own research to find the answer to 2 (2 percent) of 128 questions.
- Correctly offered to call the toll-free telephone line<sup>3</sup> for 2 (2 percent) of 128 questions.

We commend the IRS for the corrective actions it has taken in response to our previously issued semiannual and bi-monthly reports. We believe the increase in accuracy rates compared to those in the same period in Calendar Year (CY) 2002 can be directly attributed to these actions. For example, during May and June 2003, IRS employees correctly answered 7 percent more questions and referred 94 percent fewer taxpayers to publications than in May and June 2002.

In January 2003, we began assessing whether IRS employees adhered to operating procedures to refer to the IRS toll-free telephone lines or Internet those taxpayer questions that were outside the scope of services that employees should have been trained to answer. In addition to scheduled visits, our auditors completed visits to 18 other TACs. The auditors asked 67 “out of scope” questions and determined that employees did not follow referral procedures for 23 (34 percent) of these questions.

We also evaluated whether TAC addresses and office hours provided to taxpayers via the Internet, toll-free telephone numbers, and the automated telephone messaging system matched the information posted at the TACs. Auditors observed the following:

- Office hours for 26 (81 percent) of the 32 TACs with office hours posted on the Internet and the automated telephone messaging system matched the hours posted at the TAC.
- Office hours for 27 (84 percent) of the 32 TACs with office hours posted on the toll-free telephone numbers matched the hours posted at the TAC.
- Addresses posted at 28 (90 percent) of 31 TACs<sup>4</sup> matched the addresses listed on the Internet, toll-free telephone numbers, and the automated telephone messaging system.

The IRS informed us that the data available to taxpayers from the Internet were the most reliable. Therefore, we used these data as a baseline to expand our analysis to determine if addresses and office hours provided to taxpayers from the Internet

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<sup>3</sup> No answer was provided, but the employee referred the auditor to the IRS toll-free tax law telephone number to obtain an answer to the question.

<sup>4</sup> Percentage based on 31 TACs instead of 32 because the address was not posted at 1 TAC.

matched those on the IRS toll-free telephone numbers and the automated telephone messaging system. The results were as follows:

- Addresses listed on the Internet matched the addresses on the toll-free telephone numbers and the automated telephone messaging system for all 32 TACs.
- Office hours listed on the Internet matched those on the toll-free telephone numbers for 29 (91 percent) of 32 TACs.
- Office hours listed on the Internet matched those on the automated telephone messaging system for 30 (94 percent) of 32 TACs.

Finally, auditors observed the following during visits to the TACs:

- IRS employees were professional and courteous to the TIGTA auditors in 64 (100 percent) of the 64 visits.
- Wait time for service was 1 hour or less for 64 (100 percent) of the 64 visits.

This report is to advise IRS management of the results of our review. We do not make recommendations to the IRS in the bi-monthly reports. However, we plan to issue a semiannual trend report during the first quarter of FY 2004 that will include appropriate recommendations to help ensure taxpayers are referred to employees that can provide accurate responses to their tax law questions. Auditors will continue making visits to the TACs throughout CY 2003. We will also continue to issue bi-monthly reports on the results to the IRS and the Congress.

Management's Response: IRS management appreciated our recognition of the corrective actions they took which increased accuracy rates compared to the same period for CY 2002. Management continues to take steps to improve accuracy in the TACs. Their long-term approach to improving quality is implementation of Embedded Quality, an approach which focuses on standardized measures, employee monitoring, and feedback at the group level.

The IRS continues to disagree with including referrals to publications and service denied when computing the accuracy rates. Management's complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the IRS managers who are affected by the report findings. Please contact me at (202) 622-6510 if you have questions or Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 927-0597.

**Taxpayer Assistance Center Employees Continued to Improve the Accuracy  
of Answers to Tax Law Questions During May and June 2003**

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## Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003

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### Background

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The Senate Committee on Appropriations was deeply concerned about the findings in a Treasury Inspector General for Tax Administration (TIGTA) audit report on the Internal Revenue Service's (IRS) Taxpayer Assistance Centers (TAC).<sup>1</sup> That report showed auditors did not receive accurate or sufficient answers to 73 percent of their tax law questions posed during anonymous visits to the TACs during January and February 2001. Based on the results of that review, Senator Byron Dorgan (Democrat - North Dakota), then Chairman of the Subcommittee on Treasury and General Government, proposed an amendment to the Treasury spending bill<sup>2</sup> for Fiscal Year (FY) 2002. The amendment requires us to conduct visits to all TACs and report to the Congress as to whether taxpayers are provided correct and prompt answers to their questions. Auditors are conducting anonymous visits to all TACs over a 2-year period.

The IRS Field Assistance (FA) office in the Wage and Investment (W&I) Division has overall responsibility for the TACs. The TACs exist primarily to serve taxpayers who choose to seek help from the IRS in person. The IRS employees<sup>3</sup> who work in the TACs provide assistance in interpreting tax laws and regulations, preparing some tax returns, resolving inquiries on taxpayer accounts, and providing various other services designed to minimize the burden on taxpayers in satisfying their tax obligations.

There are currently no statistics on the percent of time spent by employees in the TACs on the services detailed above. The FA office is using FY 2002 data as a baseline to establish standards and other management information in this area.

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<sup>1</sup> *Letter Report: The Internal Revenue Service Continues to Give Incorrect Tax Law Information in Taxpayer Assistance Centers* (Reference Number 2001-40-077, dated May 2001).

<sup>2</sup> Treasury and General Government Appropriations Act, 2002, Pub. L. No. 107-67, 115 Stat. 514 (2001).

<sup>3</sup> IRS employees who work in the TACs are called Tax Resolution Representatives (TRR).

## **Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003**

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There are approximately 400 TACs located throughout the United States (U.S.), including Washington, D.C. According to the IRS, the TACs served approximately 5.5 million taxpayers between January and June 2003.<sup>4</sup> Approximately 1.2 million of these taxpayers visited the TACs for assistance with the tax law.

In addition to the anonymous visits being performed by TIGTA auditors, the IRS FA Quality Review Staff began visiting TACs in October 2002 to anonymously ask tax law questions within the scope of services that TAC employees should have been trained to answer. The results of these reviews will provide each employee's manager specific feedback on the quality of service provided in the TAC. The IRS has established an accuracy goal of 80 percent for FY 2003. The IRS also plans to use our Calendar Year (CY) 2002 results as baseline figures to measure improvement during FY 2003.

Our questions relate to 21 tax law topics that are within the scope of services. The questions were designed to cover a wide range of tax law topics to provide an overall assessment of whether taxpayers are receiving correct answers to questions that an individual taxpayer<sup>5</sup> might ask when he or she visits a TAC. In May 2003, auditors changed the scope of the questions or added additional scenarios that are more applicable to the types of questions taxpayers ask subsequent to the filing season.<sup>6</sup>

Beginning in January 2003, we also began evaluating whether employees adhered to operating procedures<sup>7</sup> to refer to the IRS toll-free telephone lines or Internet (R-mail) those

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<sup>4</sup> We did not validate the accuracy of the statistics provided by the IRS on the number of taxpayers that visited the TACs.

<sup>5</sup> Individual taxpayers are nonbusiness taxpayers who file U.S. Individual Income Tax Returns (Forms 1040, 1040A, or 1040EZ).

<sup>6</sup> The period from January through mid-April when most individual income tax returns are filed.

<sup>7</sup> FA guidelines clearly define the scope of employee expertise (tax law topics for which employees receive training) and specific services offered within the TACs. Taxpayers that ask questions outside the level of employee training should be referred to the IRS toll-free telephone lines or have their questions submitted via the Internet (called "R-mail") for assistance.

## **Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003**

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taxpayer questions that were outside the scope of services that employees should have been trained to answer.

This report is the ninth in a series of bi-monthly reports that we are issuing on the results of the visits to the TACs, in response to the amendment to the Treasury spending bill. The review was performed in the IRS Customer Assistance, Relationships, and Education office in the W&I Division in May and June 2003. TIGTA auditors anonymously visited 32 TACs in 11 states. Another 18 TACs in 8 states were visited as part of our referral assessment (see Appendix IV for specific states visited).

This review was conducted in accordance with *Government Auditing Standards*. However, we did not determine the cause and effect for the findings and will make no recommendations in the bi-monthly reports. We will issue a semiannual trend report during the first quarter of FY 2004 that will include appropriate recommendations to help ensure that taxpayers are referred to employees that can provide accurate responses to their tax law questions. Detailed information on our objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

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### **Taxpayers Received Correct Answers to More Tax Law Questions When Compared to the Same Period Last Year**

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During May and June 2003, IRS employees correctly answered 7 percent more questions and referred 94 percent fewer taxpayers to publications than in May and June 2002. We commend the IRS for the corrective actions it has taken in response to our previously issued semiannual and bi-monthly reports. We believe the increase in accuracy rates compared to those in the same period in CY 2002 can be directly attributed to these actions. The TIGTA auditors made 64 anonymous visits to 32 TACs and asked 128 tax law questions during May and June 2003. The results were as follows:

- Ninety-four (73 percent) of the 128 questions were correctly answered. However, the IRS employees provided correct answers to 7 of the 94 questions without asking all of the required questions outlined in the tax law instructions and publications. By not using available resources to ask all required questions, IRS employees are making assumptions and providing



## **Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003**

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answers without considering relevant facts to ensure the answers given are correct.

- Thirty (23 percent) of the 128 questions were incorrectly answered. For example, the IRS employee stated that the auditor was eligible to receive the retirement credit. However, the employee did not ask if the auditor was a full-time student. To get the retirement credit, a taxpayer must not have been a full-time student in 2002.
- Two (2 percent) of the 128 questions resulted in the IRS employee referring the auditors to a publication and generally advising the auditors to do their own research to find the answers to the questions. For example, the auditor asked if he or she and his or her spouse could get the adoption credit. The IRS employee obtained Qualified Adoption Expenses (Form 8839), the related instructions, and *Your Federal Income Tax* (Publication 17). The employee told the auditor to read the instructions and complete the Form 8839. The employee did not provide an answer to the auditor's question.
- Two (2 percent) of the 128 questions resulted in the IRS employee correctly offering to refer the auditor to the IRS toll-free tax law telephone number.<sup>8</sup> For example, the auditor asked if his or her sister could deduct the money she had donated to a charity. The IRS employee read a publication but could not find the answer. Therefore, the employee referred the auditor to the IRS toll-free tax law telephone number.

The following table provides a breakdown of the accuracy of the answers to our questions.

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<sup>8</sup> No answer was provided, but the TRR referred the taxpayer to the IRS toll-free tax law telephone number to obtain an answer to the question.

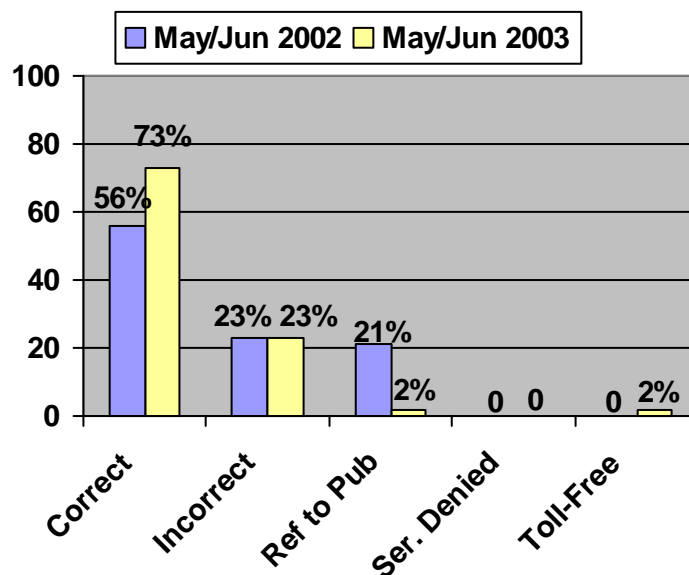
## Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003

Tax Law Questions (128 questions asked)						
	Correct	Correct but Incomplete	Incorrect	Ref. to Pub.	Service Denied	Correct Toll-Free Referral
<b>Responses</b>	87	7	30	2	0	2
<b>Percentages</b>	68%	5%	23%	2%	---	2%

*Source: Anonymous visits performed by TIGTA auditors.*

The chart below shows a comparison of CY 2002 to CY 2003 accuracy rates.

**Comparison of May and June 2002 and 2003  
Bi-Monthly Accuracy Rates<sup>9</sup>**



*Source: TIGTA reviews conducted during May and June 2002 and 2003.*

<sup>9</sup> The "Correct" rates presented in the chart include "Correct" and "Correct but Incomplete" responses.

## Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003

### Taxpayers Received Answers to Some Tax Law Questions Employees Were Not Trained to Answer

In January 2003, we began our assessment of whether IRS employees adhered to operating guidelines that require the referral of tax law questions outside the scope of services they have been trained to answer. In addition to scheduled visits, TIGTA auditors completed visits to 18 additional TACs. The auditors asked 67 “out of scope” questions and determined that employees did not follow referral procedures in providing answers to 23 (34 percent) of the questions asked.

IRS operating guidelines require IRS employees that receive questions beyond their level of training to offer to call the IRS toll-free telephone lines on behalf of the taxpayer or to submit the question in writing to subject-matter experts via the Internet (R-mail).<sup>10</sup> The table below provides a breakdown of IRS employees’ answers to tax law questions beyond their level of training.

Out of Scope Questions (67 questions asked)				
	Correctly Referred	Questions Answered <sup>11</sup> (23)		
		Correct	Incorrect	Ref. to Pub.
<b>Responses</b>	44	5	12	6
<b>Percentages</b>	66%	22%	52%	26%

Source: Anonymous visits performed by TIGTA auditors.

### Auditors Generally Had Positive Experiences When They Visited Taxpayer Assistance Centers

Auditors also assessed the quality of assistance provided by IRS employees including whether they were professional and courteous, the wait time for service, and whether employees’ names were given or visible. Auditors generally had positive experiences. The following table shows a breakdown of the quality of assistance results.

<sup>10</sup> Questions submitted to the IRS R-mail system will be assigned to a designated employee who will provide an answer to the question within 15 business days.

<sup>11</sup> The TRR should have referred the out of scope question to the toll-free telephone lines or R-mail, but instead the TRR provided an answer.

## Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003

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Quality of Assistance (32 TACs visited, 2 auditors per site)		
	Occurrences	Percent
Employee Professional/Courteous	64	100%
Wait Time 0-15 Minutes	56	88%
Wait Time 16-30 Minutes	6	9%
Wait Time 31-45 Minutes	2	3%
Wait Time 46-60 Minutes	0	--
Wait Time Greater Than 1 Hour	0	--
Employee Name Given or Visible	48	75%

Source: Anonymous visits performed by TIGTA auditors.

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### Improvements Were Made to Provide Accurate Taxpayer Assistance Center Office Hours and Addresses to Taxpayers

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TIGTA auditors found that improvements were made to ensure that TAC addresses and office hours made available to taxpayers matched the information posted at the TACs. Taxpayers can access the IRS Internet web site and follow the appropriate links to obtain the addresses and office hours of the TACs located in their state. Taxpayers that do not have access to the Internet may call the IRS toll-free numbers or automated telephone messaging system to obtain this information.

In our first semiannual report, we made no recommendations pertaining to TAC addresses and office hours because of the IRS' response to one of our bi-monthly reports.<sup>12</sup> However, while progress was made, we continued to identify concerns in this area and included recommendations in our second semiannual trend report to ensure TAC addresses and office hours made available to taxpayers are accurate.

Beginning in January 2003, we evaluated whether TAC addresses and office hours provided to taxpayers via the Internet, toll-free telephone numbers, and the automated telephone messaging system matched the information posted in the TACs. Auditors found the following.

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<sup>12</sup> *Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions* (Reference Number 2002-40-113, dated June 2002).

## **Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003**

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### **Improvement has been made to ensure addresses<sup>13</sup> and office hours<sup>14</sup> made available to taxpayers match the addresses and office hours posted at the TACs**

- Addresses posted at 28 (90 percent) of 31<sup>15</sup> TACs matched the addresses listed on the Internet, toll-free telephone numbers, and the automated telephone messaging system.
- Office hours for 26 (81 percent) of the 32 TACs with office hours posted on the Internet and the automated telephone messaging system matched the hours posted at the TAC.
- Office hours for 27 (84 percent) of the 32 TACs with office hours posted on the toll-free telephone numbers matched the hours posted at the TAC.

The IRS informed us that the addresses and office hours available to taxpayers from the Internet were the most reliable. As a result, we used these data as a baseline to expand our analysis to determine if addresses and office hours provided to taxpayers from the Internet matched those on the IRS toll-free telephone numbers and the automated telephone messaging system.

### **Improvement has been made to ensure addresses and office hours provided to taxpayers that accessed the IRS Internet web site matched the information provided by the IRS toll-free telephone numbers and the automated telephone messaging system**

The following tables show the results of our comparison of addresses and office hours made available to taxpayers that access the Internet to the information made available to taxpayers that call the IRS toll-free telephone numbers or the automated telephone messaging system.

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<sup>13</sup> Differences in addresses related to room or suite number not given.

<sup>14</sup> Either the TAC or IRS sources did not post the lunch hours.

<sup>15</sup> Percentage based on 31 TACs instead of 32 because the address was not posted at 1 TAC.

**Taxpayer Assistance Center Employees Continued to Improve the Accuracy  
of Answers to Tax Law Questions During May and June 2003**

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Comparison of Accuracy of Information Provided via Internet to Toll-Free		
	Occurrences	Percent
<b>Address Correct</b>	32	100%
<b>Office Hours Correct</b>	29	91%

*Source: Anonymous visits performed by TIGTA auditors.*

Comparison of Accuracy of Information Provided via Internet to the Automated Telephone Messaging System		
	Occurrences	Percent
<b>Address Correct</b>	32	100%
<b>Office Hours Correct</b>	30	94%

*Source: Anonymous visits performed by TIGTA auditors*

## **Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003**

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### **Appendix I**

#### **Detailed Objective, Scope, and Methodology**

The overall objective of the review was to determine if the Internal Revenue Service (IRS) provides accurate and timely responses to taxpayers' tax law questions. In addition, Treasury Inspector General for Tax Administration auditors who made anonymous visits to the Taxpayer Assistance Centers (TAC) assessed whether IRS employees adhered to operating guidelines on referral procedures and were professional and courteous, and whether the TAC addresses and office hours made available to taxpayers were accurate. We did not determine the cause and effect for the findings, so we are making no recommendations in the bi-monthly reports.

To achieve this objective, auditors performed the following tests:

- I. Determined if the IRS provided quality service and accurate responses to tax law inquiries at the 32 TACs visited. Auditors asked 128 tax law questions that an individual taxpayer<sup>1</sup> might ask. Auditors developed questions based on the training provided to Tax Resolution Representatives (TRR) during the fall of 2001 and the scope of services for tax law assistance prescribed in the Fiscal Years 2002 and 2003 Field Assistance (FA) Operating Procedures.
- II. Determined if TRRs followed FA Operating Procedures to refer questions that were outside the scope of services they should have been trained to answer. In addition to scheduled visits, auditors completed visits to an 18 additional TACs and asked 67 questions that were beyond the TRRs' level of training.
- III. Determined the quality of service provided by the TRRs.

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<sup>1</sup> Individual taxpayers are nonbusiness taxpayers who file United States Individual Income Tax Returns (Forms 1040, 1040A, or 1040EZ).

**Major Contributors to This Report**

Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs)  
Kerry Kilpatrick, Director  
Russell Martin, Acting Director  
Frank Jones, Acting Audit Manager  
Tanya Boone, Senior Auditor  
Pamela DeSimone, Senior Auditor  
Lena Dietles, Senior Auditor  
Deborah Drain, Senior Auditor  
David Hartman, Senior Auditor  
Robert Howes, Senior Auditor  
Edie Lemire, Senior Auditor  
Grace Terranova, Senior Auditor  
Robert Baker, Auditor  
Roberta Fuller, Auditor  
Andrea Hayes, Auditor  
Kathy Henderson, Auditor  
Mary Keyes, Auditor



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of Answers to Tax Law Questions During May and June 2003**

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**Appendix III**

**Report Distribution List**

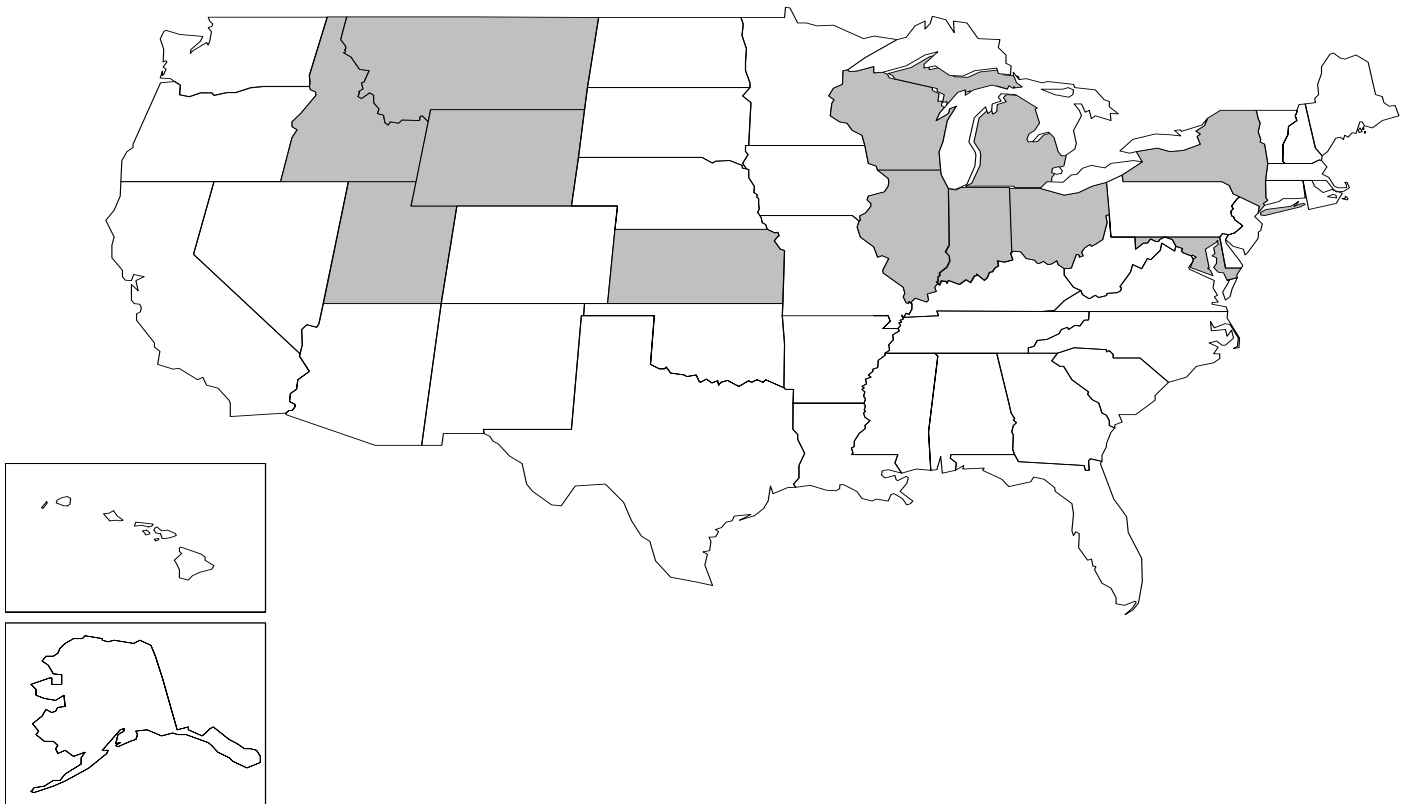
Commissioner N:C  
Deputy Commissioner for Services and Enforcement N:SE  
Deputy Commissioner, Wage and Investment Division W  
Director, Customer Assistance, Relationships, and Education W:CAR  
Director, Strategy and Finance W:S  
Director, Field Assistance W:CAR:FA  
Chief Counsel CC  
National Taxpayer Advocate TA  
Director, Office of Legislative Affairs CL:LA  
Director, Office of Program Evaluation and Risk Analysis N:ADC:R:O  
Office of Management Controls N:CFO:AR:M  
Audit Liaison: GAO/TIGTA Liaison W:S:PA

**Taxpayer Assistance Center Employees Continued to Improve the Accuracy  
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**Appendix IV**

**States Visited During May and June 2003**



The 11 states visited where auditors asked questions within the scope of services include: Idaho, Illinois, Indiana, Kansas, Michigan, Montana, New York, Ohio, Utah, Wisconsin, and Wyoming.

The 8 states visited where auditors asked questions outside the scope of services include: Illinois, Indiana, Maryland, Michigan, Montana, New York, Utah, and Wisconsin.

**Taxpayer Assistance Center Employees Continued to Improve the Accuracy  
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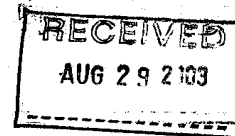
**Appendix V**

**Management's Response to the Draft Report**

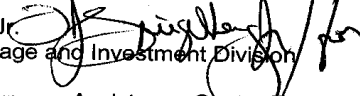


DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
ATLANTA, GA 30308

August 26, 2003



MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX  
ADMINISTRATION

FROM: Henry O. Lamar, Jr.   
Commissioner, Wage and Investment Division

SUBJECT: Draft Report – Taxpayer Assistance Center Employees  
Continued to Improve the Accuracy of Answers to Tax Law  
Questions During May and June 2003 (Audit # 200340018)

I reviewed your draft report for May and June 2003. I appreciate your recognition of the corrective actions we took that increased our accuracy rates compared to the same period for calendar year 2002. We are continuing to take steps to improve quality and accuracy in our Taxpayer Assistance Centers (TACs).

As I stated in my response to your report covering accuracy results for March and April 2003, as well as the trend report for July through December 2002, our long-term approach to improving quality is implementation of Embedded Quality, similar to the process Customer Account Services has already implemented. Embedded Quality is a way of doing business that builds commitment and capability among all individuals to continually improve customer service, employee satisfaction, and business results. The Embedded Quality approach focuses on standardized measures, employee monitoring, and feedback methods at the group level. This will involve adding information technology to support manager and quality reviews of employees and organizational performance. We will also restructure our quality staff to conform to this new model.

I continue to disagree with including referrals to publications and service denied when computing the accuracy rate. When recomputed to reflect only answers to tax law questions that were technically correct or incorrect, our accuracy rate is 69 percent for May rather than the 65 percent reported by TIGTA. There were no referrals to publications or service denied in June. Our cumulative rate for nine months of Fiscal Year (FY) 2003 is 73 percent, an improvement of 18 percent over the same period in FY 2002.

## **Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003**

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Steps underway to improve TAC operations include:

### **Training and Feedback**

Our initiatives are focused on assessing employee skills and training needs, certifying employee readiness to answer tax law questions, and monitoring performance.

- **Assessing skills and training needs:** In May 2003, all employees and managers completed the Training Assessment Battery, which was designed to identify skill levels and training needs. We shared results of the testing with each employee in June 2003. Training is currently provided through self-study, e-learning, and formal class room training.
- **Tax law training and employee readiness certification to answer taxpayer questions:** We are revising all tax law training to incorporate the Publication Method. The Publication Method is a technique to "walk" a taxpayer through a publication to cover all appropriate probing questions and to illustrate the correct answer to his/her question. We are conducting monthly employee certifications in which TAC employees must correctly answer three questions on each tax law topic. Before the certification process, employees must complete directed learning on each tax law topic.
- **Employee performance monitoring:** TAC managers must monitor and evaluate 12 tax law contacts for each technical employee during the year. The purpose of the monitoring is to ensure that employees are providing accurate answers to taxpayers.

### **Out of Scope Issues**

We shared results of your May and June review with all employees. We also included out of scope issues in the June review visits conducted by Headquarters Quality Assurance Reviewers and field management. Out of scope issues generally involve corporate and business taxes, and technical individual tax issues such as capital gains and losses, casualty and theft losses, and moving expenses. In addition, we required our Area offices to report on management actions taken to address this issue including counseling, directed learning for in scope/out of scope issues, training on referral procedures and disciplinary actions.

### **Referrals to Publications**

We drastically reduced improper referrals to publications from 21 percent at this time last year to two percent currently. As stated in your report, during May and June 2003,

## **Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003**

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employees referred 94 percent fewer taxpayers to publications than in May and June 2002. We believe our zero tolerance policy, continued emphasis on the publication method, and adherence to referral procedures were major factors in this dramatic decrease.

### **Updating Office Hours**

In January 2003, we began weekly monitoring of our office hours on *irs.gov* (our Internet site accessible to the public) and on the Service-wide Electronic Research Program (our Intranet research site for employees). In addition, we update office hours on the recorded messaging system on local telephone lines in our TACs. Our accuracy rates range from 90 to 100 percent.

If you have questions or need additional information about this response, please contact Jerry Heschel, Director, Field Assistance, W&I Customer Assistance, Relationships, and Education at (404) 338-7141.